

**SPECIAL MEETING
BOARD OF MAYOR AND ALDERMEN
(PUBLIC HEARING - REZONINGS)**

June 21, 2004

6:00 PM

In the absence of Mayor Baines, Chairman Shea called the special meeting to order.

Chairman Shea called for the Pledge of Allegiance, this function being led by Alderman Gatsas.

A moment of silent prayer was observed.

The Clerk called the roll. There were eleven Aldermen present.

Present: Aldermen Roy, Gatsas, Guinta (arrived late), Sysyn, Osborne,
Porter, O'Neil, Shea, DeVries, Garrity and Forest.

Absent: Aldermen Lopez, Smith and Thibault.

Chairman Shea advised that the purpose of the special meeting is to hear those wishing to speak in favor of or in opposition to proposed Zoning Ordinance changes; that the Clerk will present the proposed Zoning Ordinance changes for discussion at which time those wishing to speak in favor will be heard, followed by those wishing to speak in opposition; that anyone wishing to speak must first step to the nearest microphone when recognized and recite his/her name and address in a clear, loud voice for the record, that each person will be given only one opportunity to speak; and any questions must be directed to the Chair.

The Clerk presented the first proposed Zoning Ordinance change:

“Amending the Zoning Ordinance of the City of Manchester by amending the School “Impact Fee Schedule” referenced in section 13.04 of the ordinance. Two optional fee schedules will be reviewed including Option A – Fees based upon improvements to K-8, and Option B – Fees based upon improvements to K-12 based upon methodologies presented by the Planning Board. Fees would be assessed to each newly constructed dwelling unit.”

Chairman Shea requested Robert MacKenzie, Director of Planning & Community Development, make a presentation.

Mr. MacKenzie stated impact fees are permitted under State Statutes. The City of Manchester first enacted an Impact Fee Ordinance roughly ten years ago. Bruce Mayberry who I'll be introducing in a minute actually assisted us ten years ago in preparing that first Impact Fee Ordinance. We do have two impact fees...we're focusing on the school impact

fee tonight at the request of the School Board. There is an impact fee that has helped build the new Cohas Fire Station and there's another fee ordinance in the Hackett Hill area. We do have Mr. Bruce Mayberry who I consider the expert in New Hampshire on Impact Fee Ordinances, he's probably developed more Impact Fee Ordinances in the State of New Hampshire than anybody else and I'm going to ask him to briefly go through a slide show on how this was prepared, this did go to the Planning Board who under State Statutes would be the recommending authority and they recommended that this go to hearing with basically two options and again as the Clerk read the two options would include K-8 which is how the previous ten years was done and an option for a K-12. So, I'm going to ask Mr. Mayberry to run through the presentation.

Mr. Bruce Mayberry stated I'm a Planning Consultant from Yarmouth, Maine. I was retained by the City Planning Board to do an update of an impact fee assessment methodology that we did about ten years ago. So, what you see in the calculations before you...I'm going to run through briefly the basics of the fee without going into a lot of detail on calculations. Basically, the legislative authority for fees started in 1991 in New Hampshire. There are about 60 communities in the State that have ordinances on the books although not all charge actively charging fees but that many have enabled themselves to do so. You'll find school impact fees that vary considerably from place-to-place depending on local conditions, expenditures, the size of schools, the enrollment per unit being the basic features. There are two pieces to impact fee assessment generally...there is the Impact Fee Ordinance that is the enabling authority that determines who is assessed, how the ordinance is administered whether there are waiver conditions and how funds are transferred. The basis of the assessment is the portion that I worked on which is to determine a proportionate impact fee amount that's proportionate to demand on school facilities. Much of the time we spent on this update was to retrace our steps to find the best proportional information we could on actual enrollment impacts on a per housing unit basis and what we did we looked at the census numbers for the region for 2000 but our second approach was to actually try to match up the number of school children about 16,000 resident pupils in the City to the characteristics of the housing units they live in taking into consideration the year the housing was built, bedrooms, square footage and so forth and we did a lot of tabulations on that to get more comfortable that we had as accurate an enrollment multiplier as we can because the number of pupils per unit is the basic, the major driver behind the impact fee assessment. So, proportionality there is really the key and probably the most important piece. Again, we went through...there are details in the reports that you have where we took a look at the census averages, we took a look at the City averages based on the large database that we put together and arrived at what we think are proportionate multipliers for each of the major types of housing structures...the same types of structures that are assessed in the current methodology. And, again, this is just a look at enrollment per square foot and per unit for single-family different units built at different points in time and over the long-term things tend to average out fairly even number although construction since 1980 has had a somewhat higher impact. This is the display of the basic enrollment multipliers used in the model. The

red bar is the K-8 enrollment per housing unit and the yellow bar is the 9-12 component of enrollment for each of the types of housing units (single, detached townhouses, duplexes and 2-3-4 units construction, multi-family apartments generally 5 units or more and manufactured housing). For some of these unit types we had to go beyond the City database because there's not too much experience with manufactured housing for types of units that would be assessed and 3-4 family construction was pretty minor during the 80's, so for all of the other types of units we have good City data on actual construction since 1980. We substituted some adjusted census information for the multi-family structures of 3-4 unit construction of which there is no a lot today and manufactured housing of which there is very little in the City. We looked at national costs per square foot for construction of schools, some of the numbers above from these sources...for example, elementary to middle a big range in the United States...this is between 2003 and 2004...these are gross costs per square foot including furnishings and facilities and site work. We chose the lower to be consistent with our older methodology about \$144 per square foot for elementary as a comprehensive construction cost, about \$124 at the high school level and there are comparatively low when we look at some other school districts in New Hampshire. New England averages tend to be quite high on costs...it turns out that this level for the K-8 level if we adjust the cost to the McLaughlin Middle School addition a couple of years ago to present day costs it comes out to about \$114 per square foot, so we felt that was a good number to use for portioning out a cost per square foot. The basic elements of the formula become children per unit...school enrollment per unit I should say...the number of square feet per pupil that are required for school capacity and then the cost per square foot of the facility multiplied together they generate a capital cost and from that we would deduct the State Aid coming in at 30% and some small adjustments for taxes paid toward preexisting debt service. Again, I won't go through the entire calculation but again we've separated K-8 versus 9-12 and as I just mentioned come up with a total capital cost per dwelling unit...this is for a single-family unit type deducting the State Aid and the City capital cost per unit and then the next slide...some adjustments here for payments on debt service through property taxes would result in these net fees \$2,733 for K-8, \$1,769 at 9-12...if the entire fee were implemented it would be \$4,502 at the K-8 level...this would reflect comparability to the current system which is now assessed at about \$1,600 plus, however, bear in mind...let's say it's an increase of about \$1,000, however, it's been ten years since the fee has been updated. These are the breakouts of the other types of housing units based on the enrollment multipliers that we came up with...the townhouse fee actually goes down, I believe it was over \$1,000 before...that one goes down a little bit based on the improved enrollment information that we had. Multi-family construction has somewhat higher enrollment ratios than predicted by the census data, at least in the City of Manchester, the townhouses had somewhat less. And, that the proportional distribution of the fee so that each type of unit is assessed a fee based on its proportional enrollment contribution and demand on facility space. Finally, just a test of proportionality, I think we have a key in New Hampshire proportionality...we selected enrollment multipliers that are based on city averages on actual construction from 1980 forward...the cost per square foot for the elementary or K-8 level are

comparable to the cost of the McLaughlin Middle School addition which included both core and classroom facilities and, finally, the 2004 fees...if we look at them in relationship to median home prices for new construction...back when the fees were originally the median new home price in the City was \$115,000 and now it's well over...I think we're at \$240,000 for the most recent year that we had in 2003. So, if we take it as a percent of median sales price the fees are actually somewhat lower as a percentage although they are not calculated on the basis of selling price just in relation to values. They're a little bit lower than in the original fee structure. Thank you and I'd be prepared to answer questions if we're in that phase, thank you.

Mr. MacKenzie stated that concludes our presentation on the Impact Fee Ordinance. Again, I will be available later at committee level for any questions or discussions and we're happy to answer any questions now if you have any.

Alderman DeVries stated the question in reference to districts that have sending towns and Mr. Mayberry with your vast experience I'm hoping you may have been involved in other towns that have arrangements similar to Manchester...where the high schools currently under direction are offset 100% by the sending towns. Have you seen that sort of arrangement before? I know one of our decisions there's been two options brought forward to us one is for K-8 only and the other is K-12...the decision for us to make is whether or not there is likely to be a court challenge if we do go K-12 where the construction costs are being offset by our sending towns, hopefully.

Mr. Mayberry replied I think the staff recommendation on that basis is probably (and mine) is probably through the K-8 fee is probably the safer bet in terms of defensibility. I've heard of other cost sharing arrangements of this type but I have not been involved directly except for the City in seeing this type of arrangement, but I know that there are some other districts are pursuing it now. Mostly, I've been involved where there's a cooperative district or a regional school district arrangement for the high school where there are a number of member towns which is a different cost sharing basis. But, I believe the K-8 is the solid piece based on the current cost sharing arrangement for the high school in terms of capacity.

Alderman DeVries stated certainly it would become a little bit more difficult question for us as one of our sending towns is deciding us to challenge us on whether or not they're responsibility is to actually pay for that conception of construction. The other questions that I had the portable classrooms is a credit that is allowed and I didn't quite follow the reasoning on that, maybe you can...

Mr. Mayberry stated it's a fairly small offset. What I did was take the...we're assuming an impact fee assessment because we're basing the fee assessment on the full cost of building permanent facility space, say at the \$114 per square foot becomes the standard and what I'm trying to do there is simply reflect the fact that over time in addition to the City expanding

the schools and improving the quality of the schools I also believe part of the plan is to eventually provide permanent facility space doing away with the portables. I think most people consider portables to be somewhat of a deficiency in terms of the quality standard so a very small credit there is to reflect the cost of...the same amount of space occupied by the portables at the construction cost of \$114 per square foot. It comes out when you balance that out over the tax base to be a fairly small adjustment but it's basically just to account for that deficiency, if you will, in terms of that amount of space. What we're trying to do is make sure that new development doesn't pay both for the full cost of new facilities and affect capacity but also pay for preexisting facilities in rectifying those space deficiencies. So, it's a way of trying to account for that.

Alderman DeVries stated so if I understand that correctly you add in the cost to replicate with complete construction the cost of the classroom but then you give a credit for the preexisting payment that has already been made to purchase the portable classroom.

Mr. Mayberry replied exactly. It's trying to provide a small offset to say that that is probably a deficiency being remedied that is a small offset to the impact fee as is the...and this is done internally, so when you're assessed the fee you don't have to go through that step but it's just basically trying to account for any potential that one could say it's a double assessment on paying for existing deficiencies as well as the impact of new development. It's a fairly small adjustment but perhaps symbolic in nature but trying to account for that fact.

Alderman Osborne asked what would you say the percentage of increase has been over since 1995 to date, what kind of impact fees, what is the percentage, what's the increase been in general?

Mr. Mayberry replied in the City's...in this particular formula, I think what it comes to if we look at the K-8 portion, I think it amounts to 5-6% compounded if we took the old fee to new fee...it's between 5% and 6% if you compounded that forward. One of the reasons it jumps up a little bit is that we didn't have as good information on the proportional enrollment impacts of different types of housing units as we do today. So, it's not all cost driven, it's just coming up with more accurate information and what I was speaking of there was the single-family portion, not all of the fees increased by the same percentage. In fact, the townhouse ratio went down.

Alderman Osborne stated they're all a one-time fee?

Mr. Mayberry replied yes. I kind of glossed over that, it's a one-time fee at the time of new construction only for an impact fee which can only be used to offset capital costs and not the cost of operation.

Alderman Osborne asked what about the following years, what would say would help with impact...a one-time charge as to a child going to school for let's say 12 years anyway.

Mr. Mayberry stated I think the implication to your question is the real costs, the bigger costs are always in operation rather than in capital of actually the cost of education. The capital costs related to new development is strictly to offset the unit cost in other words how much square footage will one unit of housing create in terms of school demand once it's built so we're looking at the whole base of the City's housing stock as the demand for the facility space, so even though when that housing unit comes on on-line that becomes part of the City's service base as a permanent addition to the housing stock and that's how we look at the impact fee...what's the permanent change in terms of the amount of school facility space you need in relation to how many housing units you have and true different students from different housing units cycle through that system over time, but the capital facility is just created that one time to serve "X" number of housing units across the City.

Alderman Osborne stated it's not an easy fix that's for sure>

Mr. Mayberry stated no, it only fixes a small part of the cost issue.

Alderman Guinta asked is this the same formula that's been used in the past to change impact fees?

Mr. Mayberry replied yes, it is.

Alderman Guinta stated we've never used a different type of formula, this is the only formula we've ever used.

Mr. Mayberry replied they're the same elements...children per housing units or school enrollment per housing unit...that's changed, it's the same variable with a different value updated according to the improved information that we have. The cost per square foot has changed, but it's the same variable to reflect current construction costs. The credits have changed a bit because debt service schedules have changed and the City's tax base is larger than it was ten years ago, but the same elements are in place with the exception of that small credit for portables I think that was not in the original impact fee assessment, but it's really the same basis of assessment of the same approach.

Alderman Guinta asked explain to me the need for...if your tax based is increasing...is this just for all new construction or is this just residential?

Mr. Mayberry replied it's residential only...when we're talking about schools...again, I should have explained that, I think we're drawing the relationship here between residential construction and school enrollment impacts. If we were dealing with some other type of

facility assessment like public safety it would probably be based on all types of construction or segmented if there are waivers of different types applied but in the case of this I think it would be applied to all new residential construction probably with the exception of age 62 and older elderly housing would not be assessed the fee.

Alderman Guinta asked so is the proposed increase in this draft that we got in our packet?

Mr. Mayberry replied yes, I think the...it may not be stated as an increase but just in terms of the new...if they have the full draft on page 5 I think has the impact fee schedule A and B...Schedule A would be comparable in covering K-8 facilities...I didn't list all of the fees, but the Table II on the bottom of the page, the current fee for K-8 school impacts is \$1,632...the revised fee the 2004 basis would be \$2,733.

Alderman Guinta stated \$2,509 and \$4,502...

Mr. Mayberry stated yes if you were to implement the full K-12 what we're comparing there because in 1995 we calculated it both ways in the event the City wanted to add a 9-12 to the K-8 basis to run through the calculations so that if conditions changed you could implement either of those fee schedules.

Alderman Guinta asked when was the last time we changed impact fees?

Mr. MacKenzie replied there's never been a change. This was adopted for the first time in 1995 and it has not been changed.

Alderman Guinta stated so the same impact fee has been paid since '95.

Mr. MacKenzie replied yes.

Alderman Guinta asked how often should we be addressing impact fees?

Mr. MacKenzie replied ideally we'd like to analyze it every year.

Alderman Guinta asked how come we haven't done that?

Mr. MacKenzie replied primarily a prime factor given that this is frequently litigated and we have been tested on this several times, it's taken Bruce probably this time probably six months to update this and there was a cost associated with that and we have simply not attacked that because of the time and cost involved.

Alderman Guinta asked when did the Planning...does the School Board request this or does the Planning Board request this?

Mr. MacKenzie replied the School Board requested the Planning Board to review it. The Planning Board did start some time late last year, last fall as I remember. We actually then contracted with Bruce and it was proposed to the Planning Board, I think last month, I believe it was in May and they requested it go to the full Board this month.

Alderman Guinta asked so what is the process after today.

Mr. MacKenzie replied after today it would go to the Committee on Bills on Second Reading and we'll take a look at those options and see what the Committee would like and would report out a recommendation to the full Board.

Alderman Guinta asked this would become effective what date, assuming it passes Bills on Second Reading and we pass it this summer?

Mr. MacKenzie replied it would be effective on the date of passage.

Alderman Porter asked what are the old impact fees, Bob, from 1995, are they the same categories?

Mr. MacKenzie replied they're the same categories, yes.

Alderman Porter stated maybe it's in here or they didn't notice it...do you have the '95 figures?

Mr. MacKenzie stated we just have for only single-family which was \$1,632, I do not have right here all of the older impact fee numbers.

Alderman Porter stated the other question I have is have you looked at what area you anticipate the biggest growth in the next five years. One of Manchester's problems is that it's running out of land, commercial/industrial particularly. Have you looked at what is likely to be developed going down the road, would it be single-family detached or the condominium or multi-family apartment complexes because I think this could indicate what our needs would be and where the growth is likely to be in which areas because the single detached generate the highest number of students would that be fair to say?

Mr. MacKenzie replied yes.

Alderman Porter stated so if most of the growth is not in that area then we're probably going to be looking at fewer students than if they were all single-family, has this been looked at at all?

Mr. MacKenzie replied that we do know that there are very few parcels left, large parcels for single-family development. Most of the development of housing in Manchester will be recycling of older sites such as the Riverfront Stadium site or the Bridge and Elm Streets site and in-fill within existing neighborhoods. In many wards you've seen that, a house lot that is really a very large lot gets re-subdivided into three lots. So, I believe that most of the development will be spread over the City using older industrial sites or in filling in these neighborhoods.

Alderman Gatsas asked, Bob, what was the total amount of money collected for impact fees in 2003?

Mr. MacKenzie replied in 2003 there was \$390,000 approximately collected. Since the inception of the ordinance we have collected just under \$3 million.

Alderman Gatsas asked can you give me some sort of idea of where that \$390,000 comes from?

Mr. MacKenzie replied I don't really have the breakdown, I know this year we were up in most categories, single-family, multi-family and condo development, but the 2003 year was a fairly strong year in several different categories.

Alderman Gatsas stated so basically the impact fee just comes...have really evolved from the price going from \$115,000 in '95 to \$4240,000 in 2004.

Mr. MacKenzie stated technically there shouldn't be a relationship between how much impacts fees that are charged and the price of the homes because it's not a percentage to the homes. I think that was more of a comparison. Technically, it should only be based upon how many new students are being created in these new homes and what is the cost to provide shelter or classrooms for those students; that should technically be the cost number that you're looking at.

Alderman Gatsas in refer to the \$390,000 asked how many residential units did that comprise of?

Mr. MacKenzie replied that's actually collected by the Building Department at the time of Certificate of Occupancy, so we don't have those numbers right now on how many units were permanent.

Alderman Gatsas stated if I took the \$390,000 and divided it by \$1,632 that tells me that there is roughly 238 students that were added.

Mr. MacKenzie stated there were 238 new residential units added but then from that you'd factor in the average number of students...the average number from a single-family home for most programs is about ½ a student, is that right?

Mr. Mayberry replied I think so the fees are charged on a per unit per dwelling basis, so we've already done the calculations of the estimates for how much enrollment that would produce, so with each new building permit comes up to be issued that becomes the basis of the assessment...how many units of what type are being constructed times the impact fee amount per unit...if you added them all up for all the different types of units that are being built in the City for a given year at that given fee schedule you'd come out with the \$390,000 for that particular year.

Alderman Gatsas asked what would you say is the balance or the remaining of buildable land for number of units...I remember a few years ago it was like 1,900 units and what does that number come down to?

Mr. MacKenzie replied we have not updated that particular statistic. Again, I know that the biggest parcels of land in the City with the exception of maybe two have been committed or begun to be developed. We do still have at least one very large parcel that we expect a number of units on in the future.

Alderman Roy stated, Bruce, it seems like you've done a lot of work and studies on this so I'll direct this question to you. Have you done a study as to the effect of impact fees on affordable housing?

Mr. Mayberry replied no, I haven't. I think you could look at certainly the fee amount in terms of the percent of sale price at different levels; that would tell you something. We haven't done that in terms of the impact fee is basically set according to average demand on school facilities and does not relate to the affordability of a particular unit.

Alderman Guinta asked how many communities in the State have impact fees?

Mr. Mayberry replied under the latest information I have is roughly 60 had adopted ordinances that many actually assess fees on a formula basis, but approximately that many have enabled themselves to assess impact fees. I don't know the exact number that have formal fee schedules where they assess some type of impact fee to each new development.

Alderman Guinta asked how many communities are there in the State, close to 200, right?

Mr. Mayberry replied 234 or something...I used to know that number exactly.

Alderman Gatsas stated 239.

Alderman Guinta stated so out of 239 60 have ordinances and a number smaller than that actually have a fee schedule.

Mr. Mayberry stated right, I don't have the numbers in front of me but I tried to figure out about what percent of the State's population was covered by some type of ordinance. I think it comes to somewhere between 50 and 60% of the population of the State in communities that have at least authorized Impact Fee Ordinances, but I don't have an exact figure.

Alderman Guinta asked is that fair to say that that's mostly in the southern tier of the State?

Mr. Mayberry replied I would say so between Concord and south with some exceptions further north.

Alderman Guinta asked why wouldn't we just get rid of the impact fees together, Bob?

Mr. MacKenzie replied you can but it does affect your bonding capacity. The fees that have been paid so far have helped pay for McLaughlin Middle School, the middle school addition at McLaughlin and the Parkside addition. At this point, these fees will help pay for the \$105 million renovation and expansion program of the schools. If you eliminate the program you will have to go back and identify because then the payments that we'd be paying would have to come out of debt service, so we'd either have to cut future capital projects or potentially increase taxes to pay for that debt.

Alderman Guinta stated let's go over that a little bit then. The money goes directly to the School District?

Mr. MacKenzie replied yes.

Alderman Guinta stated you're saying that the School District uses the money to pay debt.

Mr. MacKenzie stated it can be used either to directly pay debt service on new facilities or actually like we did at Parkside use some of the funds to pay directly for the construction.

Alderman Guinta asked what else are the funds used for?

Mr. MacKenzie replied that's it, either new construction directly paying it or for debt service on specific facilities.

Alderman Guinta stated so the City of Manchester has only used these funds for what you just said.

Mr. MacKenzie replied yes.

Alderman Guinta stated we have not used this for any operation costs.

Mr. MacKenzie replied no.

Alderman Guinta stated we collected \$390,000 last year, so you're saying that \$390,000 is going to go toward the \$105 million debt service.

Mr. MacKenzie stated yes.

Alderman Guinta stated if we collect \$500,000 this year you said that if we get rid of this all together that is going to impact our debt service, I assume you means it's going to negatively impact...I'm sorry our bond rating...

Mr. MacKenzie stated it would affect our bonding capacity.

Alderman Guinta asked by how much? This is a \$105 million project, how much was projected in impact fees to go towards debt service?

Mr. MacKenzie replied there was a set amount, I don't have that number here the Finance Department could probably tell us and get that back.

Alderman Guinta asked would we have been able to bond, would it have been a significantly lower amount of money?

Mr. MacKenzie replied impact fees only pay for a relatively small percentage, but it is a percentage. It's more likely we have an average of \$300,000 per year...that's the equivalent of bonding for about \$4 million worth of bonding. So, yes that is a fairly large chunk of out capital budget.

Alderman Guinta stated so we would not have been able to bond \$4 million of this project without the impact fee...shouldn't say that...we would have had to...you're saying we could not have bonded any of the \$4 million or we could have we just would have had to identify other sources to pay for that debt service.

Mr. MacKenzie stated you would either have to reduce the amount of the total project or you'd have to increase other sources of funding or taxes.

Chairman Shea called for those wishing to speak in favor.

Thomas Donovan, Chairman of the Board of School Committee Finance Committee stated you really don't need to hear from the School Board again. Leslee Stewart the Vice-Chairman has spoken in favor in prior meetings of an adjustment to the Impact Fee Ordinance and I'm just here to emphasize its importance from our standpoint and our budget. We are expecting, very soon, to get a report from NESDEC whom we've commissioned with respect to our elementary school enrollments. We believe that we will need to create additional capacity at the elementary level for our students. As it is we have a number of portables at elementary schools with the Design/Build process we are going to be able to eliminate at the middle and high schools the portables...some of those portables we are going to have to move, unfortunately, to the elementary school area because we've run out of space. In fact, some of those portables are going to be moving over the summer because of additional capacity needs at the elementary schools. We believe, therefore, that we are going to have some additional tap over requirements at the elementary level. We don't know where, we don't know how...we're going to await that study. Impact fees are a way for us to pay for these capital costs without having to directly go to...added to the tax rate...that is an important factor in our helping to make work what will be additional capacity that we will need. Years ago it had been said that our elementary school enrollment was going to be decreasing and so we weren't going to need additional capacity at the elementary level. It doesn't seem that's the case and that's why we have portables there. So, we've got needs in that area and the Impact Fee Ordinance is an important way of helping partially to deal with that. Thank you.

Chairman Shea called for those wishing to speak in opposition.

Dianne Beaton, 8 Chauncey Avenue, Manchester, NH stated:

I'm also here to represent the Greater Manchester Homebuilders Association, which represents professionals who are charged with providing shelter for the citizens of this area. Thank you for allowing me a few minutes to express some concerns about the possibility of increasing the public school impact fees and what its adverse effects on the worsening housing affordability for Manchester citizens. Any increase in the cost of housing shuts the door on more and more families who can afford entering into the ranks of homeownership. Any discussions about raising impact fees must be done with careful scrutiny about the need for the increase and if it's justified. An example for you to consider is that an increase of \$1,000 for each \$100,000 of each housing price 424,000 people are excluded from being able to buy their own home. I worry about how many people who work in Manchester such as public employees, nurses, teachers and service providers cannot afford to live here and must travel many miles from less affordable towns to get work. We have concerns about the Public Schools Impact Fees, Methodology Update prepared by Bruce Mayberry on May 24th and ask that this Board consider the following questions and comments. Do new students really require the Manchester School system to build bigger schools. The report has not answered this and other critical questions. Are Manchester schools currently at or exceeding student capacity. What are the projections for student enrollment with and without new

development. Will schools need to be expanded anyway even if there is no new development. How does the report so-called “Area Requirement Per Pupil” help determine if school space is inadequate or if it’s existing facilities can accommodate growth. The report simply assumes, without solid evidence, that there is no capacity for new students in Manchester schools and that the total number of students will continue to increase and that each and every additional student will require facility expansions. The truth is new students who live in new developments may not cause overcrowding at Manchester schools if the schools are not at full capacity. For example, a new student moving to Manchester will not yield a net increase in population or crowding if a student of similar age exits the system around the same time and if repairs, upgrades, renovations or other improvements to existing school buildings are required these costs need to be shared by all taxpayers not just new residents. Page 2 of the report indicate that impact fees may be assessed to recoup capital expenditures already incurred for construction or renovation projects. In fact, Chapter 199 amending RSA 674:21 was recently signed into law by Governor Benson on June 7th and states: “Impact fees shall be intended to reflect the effect of development upon municipal facilities at the time of the issuance of building permits.” The law requires that impact fees be spent or at least committed for use within a reasonable time after assessment or collection, no longer than six years which happens to be at planning board approval not when the building permit is issued as the report mistakenly indicates. Additionally, school impact fees are expressly excluded from paying for recurring expenses. If new students in new developments do require Manchester to expand its schools the impact fee can only be based on incremental costs. The law requires using the incremental or marginal capital costs. However, the report calculates the average impact for existing pupil and charges that average cost for new student. These figures should be based on verifiable New Hampshire costs, not average development cost per square foot in the U.S. The law also requires that impact fees be related to the cost of school expansions triggered by new development not the cost of school upgrades to existing buildings. That is why we need more information about student enrollment projections with and without new development and about projected capital expenses that are completely independent of new development. Developers should only pay higher impact fees if there is a demonstrated need for the increase. The report doesn’t say what future capital expansions might be made, what the cost of these projects might be or what the time frame might be. In summary, we feel that a case has not been made to drastically increase the current school impact fees in Manchester, we also urge this Board to carefully what impact passing this increase would have on the housing affordability crisis that we face. The Greater Manchester Home Builders Association would be happy to work further with the Board to rationally discuss this issue further. Thank you.

Paul Morin, 31 Norris Road, Manchester, NH stated:

I’m a two-time past President of the Greater Manchester Homebuilders Association. For the past four years I’ve been the Chairman of the Town of Weare Planning Board and for the past four years I’ve had a seat on the Southern NH Planning Commission and I have seen the impact fee issue from all sides as you can imagine. I just heard a

gentleman testify that the school population might be dropping soon but that does not seem to be the case I think is the exact term that I heard, but in fact, it is the case. In October of 2000, the school enrollment for kindergarten for K-8 was 10,907 in Manchester and it has declined (on average) 70 students every year until the last figures of October of 2003 10,699. It's declining and I don't know how people can sit up here and testify that there is a need not only to have an impact fee in the first place but to actually increase it in light of those numbers. Your high school enrollment is increasing but we all know that that's because of the contributor towns and as was pointed out that is covered by the contracts with those towns...any expansion necessary is borne 100% by those towns. Mr. Mayberry's figures are hard to argue with, I think he calculates correctly that the proportionate student per type of household and what the capital costs would be if you had to create more desk spaces in Manchester that would be fine, but I fail to see the rational nexus between charging someone to create those desk spaces when in fact desk spaces are being vacated on a regular basis for the past four years at least. It's a very simple thing and I'll just leave you with this one last thought...purchasers of new homes in Manchester should not be required to pay higher school impact fees if there is no capital expansion needed in the foreseeable future. This \$105 million expansion and renovation project is not because you have a burgeoning school population, it is shrinking. If the fact is that you need more space in the schools because of a changing standard set perhaps by the State, I'm not exactly sure, but if you need more space per student then that is a responsibility that has to be borne by all taxpayers and not the new construction people bringing their kids into the school. The school population is shrinking despite the fact that there is new construction going on in Manchester. Thank you.

John Lamphere, 527 Fremont Road, Chester, NH stated:

I'm here as the President-elect of the Greater Manchester Homebuilders Association and I will be representing them. I would like to speak to the Board on who actually pays this impact fee. There's a fallacy that it comes out of the developer's pocket, out of the builder's pocket. That is not true. Like any good businessman the cost of this...the check may be written by us when they come in for a permit and pay the impact fee but the cost of this is added into the cost of the housing and this effects how much housing is available to the lower income families and the City of Manchester. With the median cost of housing in Manchester currently at around \$240,000 per unit and the current family income, the median family income of only \$40,000 or a family of four \$50,000 you can see that it's hard for a family that already lives here in rental property to be able to go out and purchase a house of their own and this impact fee only adds to that burden. Prior to 1995 the tax burden of running the schools was fairly spread out by all of the homeowners in the City and adding an impact fee on those potential new homeowners I feel is unfair and I would like the Board to consider that. Thank you.

The Clerk presented the second proposed Zoning Ordinance change:

“Amending the Zoning Ordinance of the City of Manchester to include a new use group category for Tattoo Parlors, inserting changes to Table 5.10, adding supplementary regulations for tattoo parlors, and providing for location restrictions so as to prohibit such parlors within 800 feet from each other and not less than 500 feet from a Residential or Civic Zone.”

Chairman Shea requested Robert MacKenzie, Director of Planning & Community Development, make a presentation.

Mr. MacKenzie stated this proposed ordinance would allow tattoo uses in both the CBD (Central Business District) and the B-2 District. In a minute I will be showing you a map that shows you some of those districts. I did just have a photograph here of a tattoo parlor...this is actually in Cambridge, Mass and what I think is interesting about it is it's a tattoo parlor and art gallery and I think that is a little bit symbolic of the change of tattoos over the last number of years and its acceptance and I think that it is appropriate to recognize that it is a use that can be allowed in the zoning districts. The uses would be required to be 800 feet from one another, the uses would be required to be 500 feet from residential structures in a residential zone and the uses would be required to be 500 from the Civic Zone. To identify where the CBD uses are...this is a map of the City of Manchester. In gold color you can see the CBD District which extends roughly from the railroad trestle near the new baseball stadium up to roughly W North Street. The other districts I red are B-2 Districts. You can see there is probably roughly 16 of these districts scattered on both the west side and the east side of the river. We did review for most of these districts what would happen with the buffering...you can see underneath is gold which is the CBD District. There are buffering distances in this pink...those would be from residential areas, this larger one is distances from the C-1 Civic District, so anyplace where you can still see gold are areas where you could have a tattoo use. Now, we have had a couple of applications for building permits that have been received by the Building Commissioner. These are two locations where those have been submitted. It shows in this case the 800 feet separation required. So, in those two particular locations they would fit within this particular ordinance. There were certain other requests, which would not fit under the requirements of the ordinance. To show you the effect on some of the other areas...this is Hooksett Road in North Manchester. In effect, there are no locations, it's very narrow and because there's residences on either side there would be no locations in this particular are suitable for tattoo uses...South Willow Street...there would be very limited locations up near the residential neighborhoods, but there would be suitable locations basically south of Chili's Restaurant on So. Willow Street south of Chili's would be a relatively large area in gold, which could be allowed. Again, narrow districts such as this B-2 on Brown Avenue because they are close to the residences there'd be no location suitable. And, this shows you both the So. Main Street and the Second Street B-2 Districts and again as example the So. Main and Granite Streets on the west side are both encased by residential uses, so there would be no locations. But, there would be

locations on Second Street where they would be allowed. And, that completes our presentation.

Alderman Roy stated this areas as well as a couple of the other maps there were slivers of gold showing...explain how we make a judgment that it couldn't happen there...but, there's still...I noticed it on Hooksett Road as well as a couple of sections through the top of So. Willow Street.

Mr. MacKenzie stated whereas in theory there are some gold slivers where it could fit the way the ordinance is described you have to have the full structure within a suitable area so the structural walls of the building basically all has to be in an allowed zone. In this particular case the only areas, I think...this is a car dealership right here, parking lot, and I don't think you could fit anything...that is where Papa Gino's is right there, so there's no room between Papa Gino's...it's just landscaped here. So, the practicality is in this zone it would not happen.

Alderman Roy stated that would hold true for the So. Willow Street, the northern section where it is much closer to the...

Mr. MacKenzie stated yes you will see a few slivers and there's a shopping center in there, for example, a new Shaw's shopping center. The practical effect of those is that it would be extremely difficult in that upper section of So. Willow Street.

Alderman Roy asked what is the scale of these different maps that you have.

Mr. MacKenzie replied each one of the scales vary because they're just blown up to fill the screen. So, I can't give you an exact scale on it.

Chairman Shea called for those wishing to speak in favor.

Stephanie Lewry, Executive Director, Intown Manchester, stated:

I wish to speak in favor of the current proposal that would place tattoo parlors in B-2 and CBSD commercial zones of the City with the restrictions that would prevent clustering and encroaching into residential or civic zones. As you may remember Intown Manchester was opposed to an earlier proposal that would have confined tattoo parlors to the Central Business District. The earlier proposal was written when tattoo parlors were considered to be negative influences on surrounding businesses. Protection was needed if they were to be permitted and then the issue would become a zoning concern if there were any changes. It may have seemed logical at the time to keep tattoo parlors out of other areas of the City, but then where should they go...well, why not the Central Business District and as you'll remember we opposed that. For Intown Manchester's point of view and I believe the Aldermen would agree, if we had approved the former ordinance and confined or isolated

tattoo parlors to the Central Business District then any potential “negative influences on surrounding businesses” and I use that phrase in quotes would have been completely counter productive to the efforts of the City to redevelop the Downtown core. But, now the current attitudes seem to embrace tattoo parlors as simply a measure of self-expression, they should do no more harm in B-2 zones than in the Central Business District. But, just in case there are negative influence on surrounding businesses if this ordinance is approved as written tattoo parlors will not be able to locate in clusters and they will not be too close to residential or civic zones. While we do remain concerned about possible negative effects of these businesses that they can have on neighboring establishments and we don’t feel that tattoo parlors are within the mission of revitalizing downtown Intown Manchester is willing to support this measure in that it prevents the clustering and it does not restrict tattoo parlors exclusively to downtown. Thank you.

Paul Fields, 387 Spruce Street, Manchester, NH, stated:

I’d like to ask the Board to consider changing the zoning or adding the zoning of B-1, I believe that’s the address that I’m living at which is not in the zoning of what’s going to be allowed, so I can open a tattoo parlor at in the building that I’m located. I guess that’s it.

Olivier Sakellarios, 195 Elm Street, Manchester, NH, stated:

Did not wish to address the Board.

Robin Comstock, Chamber of Commerce, 889 Elm Street, Manchester, NH, stated:

I’m the President and CEO of the Greater Manchester Chamber of Commerce. The Chamber of Commerce represents a large number of businesses with an around our City and as such it is our responsibility to closely monitor and participate in issues that we believe affect the very image of our community and our City and, therefore, the business climate. The introduction of tattoo parlors is one such issue that we believe can have a direct impact on certain parts of our City. It is up to us here in this room tonight to ensure that impact is a positive one which will result in a positive image of which are residents and our business owners can all be proud of. Toward that end the Manchester Chamber of Commerce has worked diligently over the past couple of months to reach consensus among all interested parties to put forth an ordinance with which everyone feels that their needs and concerns are satisfied. This effort could not have succeeded without the participation of the Mayor’s Office, a number of Aldermen, Intown Manchester, MDC, and the Convention and Visitors Bureau. We are pleased to say that are efforts have resulted in an ordinance that is before you tonight and the chamber wishes to express its unconditional support of this ordinance. The Chamber’s role of other interested parties has always shared a concern that condensing all of the tattoo parlors in only one part of the City would have a detrimental effect on that particular district. The ordinance we propose tonight will alleviate that concern by dispersing tattoo parlors across the City in commercial business districts and allowing natural market forces to regulate the industry rather than politics. Therefore, in the interest of fairness and the basic principles of capitalism and fair competition we request that the Board

of Aldermen support this proposed ordinance and with that I would like to thank you for your time.

John Thomas, 435 Spruce Street, Manchester, NH, stated:

I own Spider Bite and just want to say that I am happy that everything is going forward, but I would like to say that I have been in the City for 8 years doing body piercing and I'd like to say that we've been keeping everything on the up and up, it's been very clean, very safe so we don't have people going to the underground where it's not safe and I give a lot back to the community and I will continue to do that. So, that is all I have to say. Thank you very much.

Scott Jones, Tattoo America, 5 So. Main Street, Seabrook, NH, stated:

I own and operate several tattoo shops in the State of New Hampshire and in Florida. I now understand that tattooing is now legal or going to be legal in Manchester. Upon that I decided to come up here and open a store. Well, anyway, I got your proposed zoning on the 800 and 500 feet, so I set forth and looked for a location for my business. I understand there were other businesses which aren't tattoo shops currently...they're other businesses doing business, they put in for their permits. Given the opportunity for them to submit their applications ahead of time...they're not in the business and yet submitting the application and at the same time I feel it gives them an advantage under zoning but for new incoming businesses such as myself who makes a living at this, I feel it's a disadvantage. The locations I found I'm north sure where the other shops are but I'm looking downtown and the locations I found...I have an application in for three of them...I wish the Board would somehow have the stipulation in there for whether it's 500, 800 or at the Board's discretion or something close...also for the shops that do make it they'll get their occupancy permits if there would be some type of stipulation for hardships cases such as the building burning down after you spend tens of thousands in advertisement, you go to your clientele and the building was to burn down or something like that that you wouldn't have to be sent way across to the other part of the City. I just wish the Board would take all of that into consideration because I would like equal opportunity to compete with my family here in the City of Manchester.

Chairman Shea called for those wishing to speak in opposition. There were none.

Chairman Shea advised that all wishing to speak having been heard, the testimony presented will be referred to the Committee on Bills on Second Reading to be taken under advisement with reports to be made to the Board of Mayor and Aldermen at a later date.

This being a special meeting of the Board, no further business shall be presented and on motion of Alderman Sysyn, duly seconded by Alderman Roy, it was voted to adjourn.

A True Record. Attest.

City Clerk